

Cytec Engineered Materials Limited

**Directors' report and financial
statements**

Registered number 2851421

31 December 2012



Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the financial statements	4
Independent auditor's report to the members of Cyttec Engineered Materials Limited	5
Profit and loss account	7
Balance sheet	8
Reconciliation of movements in shareholders' funds	9
Notes	10

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activities

The principal activities of the Company are the manufacture and distribution of composites and adhesives for use primarily in the aerospace and high performance industrial markets

Business performance

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

Strategic Objectives

We have engaged with industry leading customers and collaborators to help chart our direction. We have developed next-generation technologies and capabilities that will enable broad adoption of composites, within and outside aerospace markets

Our important successes in 2012 are in the areas of safety, customer focus, quality and delivery performance and empowerment of our employees

The benefits of lighter weight, higher strength and more durable materials are quickly increasing the value that composites bring to the aerospace industry. The Aerospace industry sector is continuing to adapt the construction of its aircraft to replace metal with carbon composites. The next generation aircraft are using primarily carbon composites. Further these materials are helping the automotive, energy generation and other non-aerospace industries meet new challenges. The company maintains continual focus on industry leading research and product development, establishing technical partnerships with customers to play a key part in this change. The Company is moving to increased sourcing of carbon fibre internally and a plan of expansion of manufacturing facilities is in place to meet future increased demand.

Trends and factors affecting performance

Sales have grown in the commercial and regional aircraft sector as build rates have continued to recover. Military Aircraft sales continue to grow due to the increased Lockheed Martin JSF Lightning build rate.

Risk and Uncertainty

Commercial risk

The Aerospace industry continued its recovery in 2012 due to increased build rates from the Larger Commercial Transport sector. Further growth is expected in 2013 with an increase in Large Commercial Aircraft and Regional Jet build rates. The commercial aircraft manufacturers are maintaining their order backlog and the continued move to the new next generation high composite content Aircraft.

The Company continues to develop speciality product solutions to capture the niche part of the market as a strategy to establish a presence. In order to maintain and increase market share the Company is focusing on increasing customer support and long term agreements, incorporating technical partnerships which are being put in place with customers to enhance this.

Historically there have been shortages of fibre and with the anticipated increase in production as the commercial and military aircraft build programmes come back on schedule, it is critical supply matches demand. The Company's strategy is to continue to mitigate the long term fibre supply risk by increasing sourcing fibre internally. This together with third party long term supply agreements will satisfy the increased demand.

Directors' report *(continued)*

Financial risk

The portfolio of turnover in terms of currency does not match that of purchasing. This combined with administration charges from the Company's US parent results in exchange rate risk. The Company assesses and hedges its exchange risk on a monthly basis to mitigate any impact.

The market price of the carbon commodities purchased for manufacture can fluctuate and this is exacerbated by supply issues. Where possible the Company has entered into long term agreements with suppliers to fix prices.

The Company operates under a stringently governed Sarbanes Oxley environment. Key risks, policies and procedures are regularly reviewed and audited to ensure the control environment is adequate for the size of business and nature of transactions.

Key Performance Indicators

Financial

Gross margin has remained consistent with 2011 at 33.3%.

A number of operational metrics are reviewed extensively each month to monitor performance and highlight target areas for improvement.

Non-financial

The Company and its directors place a very high emphasis on safety in the workplace, which is recognised as the first priority and one of our four Company values. An OSHA (Occupational Safety and Health Administration) metric is monitored and for 2012 the site achieved a value of 0.65, within the Company target of 0.9. A constant program of training, reviews and visible safety leadership where safety performance is monitored is in place.

The Wrexham facility operates under an Integrated Pollution Prevention and Control (IPPC) Permit. A recent review of the permit conditions completed by our regulator, Wrexham County Borough Council, showed we were in full compliance.

Delivery performance is measured as the percentage of orders delivered on time and on quantity. For 2012 this was an average of 85% for the Wrexham site against a target of 92%. OTIF performance in quarter four improved significantly and exceeded the 92% target.

Quality performance is measured as the number of customer returns as a percentage of line items shipped. For 2012 this was 1.6% (2011: 2.2%).

Research and development

The directors consider that research and development plays a vital role in the Company's success. A significant part of the work of the Company's technical services and laboratory staff is concentrated in this area.

The Company's expenditure on research and development during the period was £2,620,000 (2011: £3,700,000).

Research and development costs incurred during 2012 were recharged to Cytec Industries Inc, the owners of the intellectual property and know how.

Proposed dividend and transfer to reserves

The profit for the year after taxation was £7,245,000 (2011: £3,030,000).

An ordinary dividend of £nil (2011: £nil) was paid during the year.

Directors

The directors who held office during the year were as follows:

R Smith
M Hülligan
A Schiebroek
G Powers

Directors' report *(continued)*

Employees

Good communication is considered essential, and all employees are kept well informed regarding the Company's performance and activities. An open style of management is encouraged and employees are given the opportunity to express their views on matters that are likely to affect their interests. Employees are assessed on merit and equal opportunities for promotion and career progression are available to all.

It is Company policy that people with disabilities have the same consideration as others with respect to recruitment, retention and personal development. Depending upon their skills and abilities, they enjoy the same career prospects as other employees and the same scope for realising potential. The Company also makes every effort to continue to employ staff who may become disabled whilst employed.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2011 £nil)

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M Hurligan
Director

Abenbury Way
Wrexham Industrial Estate
Wrexham
LL13 9UZ

17th May 2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Cytec Engineered Materials Limited

We have audited the financial statements of Cytec Engineered Materials Limited for the year ended 31 December 2012 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Cytec Engineered Materials Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

24 May 2013.

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	67,410	49,112
Cost of sales		(44,930)	(32,779)
Gross profit		22,480	16,333
Distribution costs		(938)	(1,017)
Administrative expenses		(16,320)	(16,075)
Other operating income		4,469	4,483
Operating profit	2-5	9,691	3,724
Interest payable and similar charges	6	(155)	-
Other interest receivable and similar income	7	31	77
Profit on ordinary activities before taxation		9,567	3,801
Tax on profit on ordinary activities	8	(2,322)	(771)
Profit for the financial year		7,245	3,030

The Company has no recognised gains or losses other than the profit for the year reported above. All activities relate to continuing operations.

The notes on pages 10 to 18 form part of these financial statements.

Balance sheet
at 31 December 2012

	<i>Note</i>	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Tangible assets	9		9,613		8,152
Investments	10		2		2
Current assets					
Stocks	11	7,261		5,608	
Debtors	12	18,431		11,129	
Cash at bank and in hand		-		323	
		<u>25,692</u>		<u>17,060</u>	
Creditors amounts falling due within one year	13	<u>(11,041)</u>		<u>(8,212)</u>	
Net current assets			<u>14,651</u>		<u>8,848</u>
Total assets less current liabilities			<u>24,266</u>		<u>17,002</u>
Provisions for liabilities and charges	14		<u>(369)</u>		<u>(350)</u>
Net assets			<u>23,897</u>		<u>16,652</u>
Capital and reserves					
Called up share capital	15		8,400		8,400
Capital contribution reserve	16		1,000		1,000
Profit and loss account	16		14,497		7,252
Shareholders' funds			<u>23,897</u>		<u>16,652</u>

The notes on pages 10 to 18 form part of these financial statements

These financial statements were approved by the board of directors on 17th May 2013 and were signed on its behalf by


M. Hulligan
Director

Company registered number 2851421

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2012

	2012 £000	2011 £000
Profit for the financial year	7,245	3,030
Net increase in shareholders' funds	7,245	3,030
Opening shareholders' funds	16,652	13,622
Closing shareholders' funds	23,897	16,652

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in respect to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly-owned subsidiary of Cytec Industries Inc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly-owned subsidiaries which form part of the group

The consolidated financial statements of Cytec Industries Inc, within which this company is included, can be obtained from the address given in note 20

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost, less the estimated residual value, of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Freehold buildings	-	2.5% per annum
Plant and machinery	-	10% - 20% per annum
Fixtures and fittings	-	10% per annum

No depreciation is provided on freehold land and assets in the course of construction

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments

All other leases are accounted for as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Post-retirement benefits

The Company participates in a joint pension scheme, with fellow group company Cytec Industries UK Ltd, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company

Notes (continued)

1 Accounting policies (continued)

Post-retirement benefits (continued)

The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

As at 31 December 2006 the decision was taken to close the scheme. Subsequent to this date, all future contributions are made to a defined contribution scheme.

The Company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred.

Government grants

Capital based government grants are included within provisions in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate. The estimated useful economic life for this grant has been estimated to be ten years.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods manufactured by the Company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they met the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company (continued)

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. Turnover is recognised on delivery of goods to the customer.

2 Analysis of turnover

The directors consider the company to have only one class of business being the manufacture and distribution of composites and adhesives for use, primarily in the aerospace and high performance industrial markets.

	2012 £000	2011 £000
<i>By geographical market</i>		
UK	20,342	15,185
Europe/Middle East	38,375	29,231
Rest of the World	8,693	4,696
	<u>67,410</u>	<u>49,112</u>

3 Profit on ordinary activities before taxation

	2012 £000	2011 £000
<i>Profit on ordinary activities before taxation is stated after charging / (crediting)</i>		
Auditor's remuneration		
Audit of these financial statements	53	50
Depreciation	1,011	812
Hire of plant and machinery – operating leases	90	65
Hire of other assets – operating leases	451	218
Loss on disposal of fixed assets	131	-
Net exchange losses/(gains)	63	(269)
	<u> </u>	<u> </u>

Notes (continued)

4 Remuneration of directors

	2012 £000	2011 £000
Directors' emoluments	109	115
Company contribution to pension scheme	18	18
	<u>127</u>	<u>133</u>
Emoluments of highest paid Director	<u>127</u>	<u>133</u>

During the year one (2011 one) director is accruing benefits under a defined benefit pension scheme. Within the total Directors' emoluments above there is £18,000 (2011 £18,000) payable for company pension contributions.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2012	2011
Production	159	129
Sales and distribution	32	27
Management and administration	40	44
Research and development	18	17
	<u>249</u>	<u>217</u>

The aggregate payroll costs of these persons were as follows:

	2012 £000	2011 £000
Wages and salaries	10,327	8,813
Social security costs	1,166	992
Other pension costs (see note 19)	659	553
	<u>12,152</u>	<u>10,358</u>

6 Interest payable and similar charges

	2012 £000	2011 £000
Bank interest	155	-
	<u>155</u>	<u>-</u>

7 Other interest receivable and similar income

	2012 £000	2011 £000
Bank interest receivable	-	1
Amounts due from group undertakings	31	76
	<u>31</u>	<u>77</u>

8 Tax on profit on ordinary activities

	2012 £000	2011 £000
(a) Analysis of charge in period		
<i>UK corporation tax</i>		
Current Tax	2,300	727
Adjustments in respect of prior periods	(5)	(55)
	<u>2,295</u>	<u>672</u>
<i>Total current tax</i>		
<i>Deferred taxation</i>		
Reversal of timing differences	27	99
	<u>2,322</u>	<u>771</u>

(b) Factors affecting the tax charge for the current period

The tax assessed on the profit on ordinary activities for the period is lower (2011 lower) than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
<i>UK corporation tax</i>		
Profit on ordinary activities before taxation	9,567	3,801
	<u>2,344</u>	<u>1,007</u>
Current tax at 24.5% (2011 26.5%)		
<i>Effects of</i>		
Expenses not deductible for tax purposes	25	(99)
Capital allowances for period in excess of depreciation	(69)	(181)
Adjustment in respect of prior year	(5)	(55)
	<u>2,295</u>	<u>672</u>

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

Notes (continued)

8 Tax on profit on ordinary activities (continued)

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

9 Tangible fixed assets

	Freehold land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Assets in course of construction £000	Total £000
Cost					
At beginning of year	2,320	10,980	2,020	1,389	16,709
Additions	-	-	-	2,603	2,603
Disposals	-	(486)	(65)	(113)	(664)
Transfer	-	1,780	48	(1,828)	-
At end of year	2,320	12,274	2,003	2,051	18,648
Depreciation					
At beginning of year	1,061	6,045	1,451	-	8,557
Charge for year	86	908	17	-	1,011
Disposals	-	(533)	-	-	(533)
At end of year	1,147	6,420	1,468	-	9,035
Net book value					
At 31 December 2012	1,173	5,854	535	2,051	9,613
At 31 December 2011	1,259	4,935	569	1,389	8,152

The cost of freehold land and buildings includes land of £500,000 (2011 £500,000) on which depreciation is not provided.

10 Investments

	Shares in group undertaking £000
Cost and net book value	
At beginning and end of year	2

Notes (continued)

10 Investments (continued)

The companies in which the Company's interest at the year end is more than 20% are as follows

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Subsidiary undertakings</i>			
Cytec Russia LLC	Russia	Sales agency and commercial support	99% - ordinary

11 Stocks

	2012 £000	2011 £000
Raw materials and consumables	3,342	2,813
Finished goods and goods for resale	3,919	2,795
	<u>7,261</u>	<u>5,608</u>

12 Debtors

	2012 £000	2011 £000
Trade debtors	12,031	9,602
Amounts owed by group undertakings	6,286	1,242
Prepayments and accrued income	114	285
	<u>18,431</u>	<u>11,129</u>

13 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Bank overdraft	611	-
Trade creditors	5,269	4,893
Amounts owed to group undertakings	644	42
Taxation and social security	2,300	728
Accruals and deferred income	2,217	2,549
	<u>11,041</u>	<u>8,212</u>

Notes (continued)

14 Provisions for liabilities and charges

	Deferred taxation £000	Other provisions £000	Total £000
At beginning of year	340	10	350
Debit/(Credit) to the profit and loss account for the year	27	(8)	19
At end of year	367	2	369
The elements of deferred taxation are as follows		2012 £000	2011 £000
Accelerated capital allowances		367	340

15 Called up share capital

	2012 £000	2011 £000
<i>Authorised</i> 12,000,000 ordinary shares of £1 each	12,000	12,000
<i>Allotted, called up and fully paid</i> 8,400,000 ordinary shares of £1 each	8,400	8,400

16 Reserves

	Capital Contribution Reserve £000	Profit and loss Account £000
At start of year	1,000	7,252
Profit for the financial year	-	7,245
At end of year	1,000	14,497

17 Contingent liabilities

The company has guaranteed duty charges to HM Customs and Excise, the maximum liability at the year end was £500,000 (2011 £250,000)

Notes (continued)

18 Commitments

a) Capital commitments at the end of the financial year for which no provision has been made, are as follows

	2012 £000	2011 £000
Contracted	177	-
	<u>177</u>	<u>-</u>

(b) Annual commitments under non-cancellable operating leases are as follows

	2012 £000	2011 £000
Other operating leases which expire		
Within one year	52	80
In the second to fifth years inclusive	178	130
	<u>230</u>	<u>210</u>

19 Pension scheme

The Company is a member of the Cytec UK Pension Plan which provides benefits based on final pensionable pay. As the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS17 'Retirement benefits' the scheme has been accounted for, in these financial statements, as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out at 31 December 2012. The contribution for the year made by Cytec Engineered Materials Limited in respect of its employees was £915,700 (2011 £985,400).

As at 31 December 2006 the decision was taken to close the scheme. Subsequent contributions have been made to a defined contribution scheme.

The Company also operates a defined contribution pension scheme for the benefit of the directors and certain employees. The pension cost charge for the period represents contributions payable to the scheme and amounted to £659,000 (2011 £553,000). There were no outstanding or prepaid contributions at the year end (2011 £nil).

20 Ultimate parent company and parent undertaking of larger group of which the Company is a member

The Company is a subsidiary undertaking of Cytec Industries Inc which is the ultimate parent company, incorporated in the United States of America. The largest group in which the results of the Company are consolidated is that headed by Cytec Industries Inc. The consolidated accounts of this group are available to the public and may be obtained from Five Garret Mountain Plaza, West Paterson, NJ 07424, USA.